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August 11, 2014

Suzanne H. Elliott, CPA
Engagement Manager
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: St. Tammany Parish Fire Protection
District No. 12
Revised Audit Report

Dear Ms. Elliott:

As requested in your email on August 4, 2014, we are writing this letter explaining the reason the St. Tammany Parish Fire Protection No. 12 audit report for December 31, 2013 was revised.

The original report issued was revised to delete the line "The balances in all accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000". At December 31, 2013, the uninsured bank balance totaled \$1,029,534 on page 22 of the original report. The reason for the revision was that the bank balances were insured based on collateralization provided by the entity. The revised report replaced the deleted information with "all of which was covered by federal depository insurance or by collateral consisting of securities held by the District's agent in its name".

The original report was received on May 21, 2014 by the Legislative Auditor. The above referenced revised report was received by the Legislative Auditor on June 30, 2014.

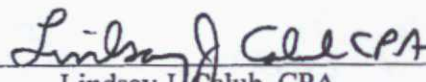
Let us know if any further information is needed.

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

Release Date AUG 20 2014


Lindsay J. Calub, CPA
Partner

LJC/ct
cc: Mr. Ray Newton
St. Tammany Parish Fire Protection
District No. 12

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REISSUE

REPORT

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12

DECEMBER 31, 2013

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

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INDEPENDENT AUDITOR'S REPORT

April 29, 2014

To the Board of Commissioners of
St. Tammany Parish Fire Protection District No. 12
Covington, Louisiana 70431

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 12 (the "District"), a component unit of St. Tammany Parish, State of Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 31 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedule on page 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule on page 33 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing over internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

The Management's Discussion and Analysis is intended to provide readers of the St. Tammany Parish Fire Protection District No. 12's (the "District") financial report with a narrative overview and analysis of the financial activities of the District for the year ended December 31, 2013. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. It should be read in conjunction with the financial statements and the notes to the financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at December 31, 2013 by \$7,212,837. The net position increased by \$352,073 or 5.13%. The District intends on continuing to improve capital structure and upgrading equipment.
- The District's revenue increased by \$111,962 or 1.60%, while expenses decreased by \$359,160 or 5.05%. The decrease in expenses was principally due to a decrease in health insurance premiums as well as a significant amount of construction expenses being classified as construction in progress.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. Also included in the report is required supplementary information.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the District similar to a business enterprise. The statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Position presents information on the District's assets less liabilities which results in net position. The statement is designed to display the financial position of the District. Over time, increases or decreases in net position help determine whether the District's financial position is improving or deteriorating.

The Statement of Activities provides information showing how the District's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the District that are financed primarily by taxes, intergovernmental revenues, and charges for services. The only governmental activity of the District is public protection.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District uses fund accounting to ensure and demonstrate fiscal accountability.

Governmental funds. Governmental funds are used to report the District's basic services. The funds focus on the inflows and outflows of current resources and the balances of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near or short-term view of the District's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balances of the governmental funds to the Statement of Activities.

The District maintains two governmental funds, the General Fund and the Capital Projects Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for this fund.

The District adopts an annual budget for its Governmental Funds. A budgetary comparison statement has been provided for this fund in the Required Supplementary Information – Part II Section.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (other than MD&A). The required supplementary information is presented concerning the District's budgetary comparison schedule. The District adopts an annual appropriated budget for its Governmental Funds. A budgetary comparison statement has been provided for the Governmental Funds to demonstrate compliance with this budget.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position: The following table reflects condensed information on the District's net position.

	Net Position December 31,	
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 6,626,482	\$7,287,099
Capital assets	<u>2,939,469</u>	<u>2,315,058</u>
Total assets	<u>9,565,951</u>	<u>9,602,157</u>
Current liabilities	792,550	917,432
Non-current liabilities	<u>1,560,564</u>	<u>1,823,961</u>
Total liabilities	<u>2,353,114</u>	<u>2,741,393</u>
Net position:		
Invested in capital assets, net of related debt	1,061,094	10,907
Unrestricted	<u>6,151,743</u>	<u>6,849,857</u>
Total net position	<u>\$ 7,212,837</u>	<u>\$6,860,764</u>

The amount "invested in capital assets, net of related debt" represents the District's net book value of its capital assets. It is the accumulation of years of investments in capital assets. These assets are not available for spending. The remaining fund balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

Changes in net position. The following table represents condensed information on the District's revenues and expenses.

	Changes in Net Position December 31,	
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
General revenues	\$6,398,477	\$6,302,763
Program revenues	<u>708,717</u>	<u>692,469</u>
Total revenues	7,107,194	6,995,232
Expenses	<u>6,755,121</u>	<u>7,114,281</u>
Change in Net Position	352,073	(119,049)
Net Position:		
Beginning	<u>6,860,764</u>	<u>6,979,813</u>
Net position – Ended	<u>\$7,212,837</u>	<u>\$6,860,764</u>

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Net position increased by \$352,073 or 5.13% from the previous year. The change in net position for the previous year was (\$119,049). The reason for the increase was due to an increase in general revenues and a decrease in total expenses. The expenses decreased 5.05% from the previous year primarily due to a decrease in health insurance premiums as well as a significant amount of construction expenses being classified as construction in progress. Pension costs to the District have risen significantly and are expected to continue to increase.

CAPITAL ASSETS

The following table reflects the District's investment in capital assets, net of depreciation, as of December 31, 2013 for the governmental activities.

	Capital Assets Governmental Activities December 31,	
	<u>2013</u>	<u>2012</u>
Land	\$ 207,941	\$ 207,941
Construction in progress	714,007	-
Buildings and improvements	1,117,476	1,041,498
Furniture, fixtures and equipment	<u>900,045</u>	<u>1,065,619</u>
Total capital assets	<u>\$ 2,939,469</u>	<u>\$ 2,315,058</u>

The majority of the capital additions for the year were for construction in progress as the District continues to make capital improvements. Depreciation expense for the year ended December 31, 2013 was \$328,810, as compared to \$366,357 for the year ended December 31, 2012.

LONG-TERM DEBT

Long-term debt was \$1,878,375 as of December 31, 2013 compared to \$2,013,375 at December 31, 2012. The debt decreased due to the payments made on Certificates of Indebtedness during the year.

BUDGETARY HIGHLIGHTS

The District's Governmental Funds actual revenues exceeded budgeted revenues by \$254,694 or 3.72%. This was due to an increase in assessed property values within the District in 2013, revenues from other government entities for operating the 911 Dispatch Communications Center, and revenues from the increased operations of the repair shop.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors considered the following items when setting next year's budget, rates and fees:

The ad valorem tax revenue is expected to remain fairly stable and may possibly rise if the local economy improves.

Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.

General estimates of operating supplies needed to perform necessary services.

Salaries and benefits are expected to increase as pension rates rise and employees receive raises.

FURTHER INFORMATION

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ray Newton, Fire District Administrator, St. Tammany Parish Fire Protection District No. 12, 19375 Highway 36, Covington, LA 70433.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,197,875
Receivables, net of allowance for uncollected	5,380,728
Prepaid expenses	46,629
Deposits	<u>1,250</u>
Total current assets	6,626,482
Capital assets not being depreciated	921,948
Capital assets, net of accumulated depreciation	<u>2,017,521</u>
TOTAL ASSETS	<u>9,565,951</u>
LIABILITIES	
Current liabilities:	
Accounts payable	17,529
Bank payable	53,403
Salary and benefits payable	3,695
Accrued interest	122,077
Compensated absences	69,509
Notes payable	<u>526,337</u>
Total current liabilities	792,550
Noncurrent liabilities:	
Compensated absences	208,526
Notes payable	<u>1,352,038</u>
Total noncurrent liabilities	1,560,564
TOTAL LIABILITIES	<u>2,353,114</u>
NET POSITION	
Invested in capital assets, net of related debt	1,061,094
Unrestricted net position	<u>6,151,743</u>
TOTAL NET POSITION	<u>\$ 7,212,837</u>

See accompanying notes.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Public safety	\$ 6,716,266	\$ 695,475	\$ 13,242	\$ -	\$ (6,007,549)
Interest on long-term debt	<u>38,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,855)</u>
Total governmental activities	<u>6,755,121</u>	<u>695,475</u>	<u>13,242</u>	<u>-</u>	<u>(6,046,404)</u>
General revenues:					
Taxes:					
Ad valorem					5,626,825
2% fire insurance tax rebate					94,428
State revenue sharing					105,328
Supplemental pay					283,482
Investment earnings					4,079
Fire repair shop					264,622
Other general revenues					<u>19,713</u>
Total general revenues					<u>6,398,477</u>
Change in net position					352,073
Net position - beginning					<u>6,860,764</u>
Net position - ending					<u>\$ 7,212,837</u>

See accompanying notes.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 846,538	\$ 351,337	\$ 1,197,875
Receivables, net of allowance for uncollected	5,380,728	-	5,380,728
Prepaid expenses	46,629	-	46,629
Deposits	<u>1,250</u>	<u>-</u>	<u>1,250</u>
TOTAL ASSETS	\$ <u>6,275,145</u>	\$ <u>351,337</u>	\$ <u>6,626,482</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 17,529	\$ -	\$ 17,529
Bank payable	53,403	-	53,403
Salary and benefits payable	3,695	-	3,695
Accrued interest	<u>111,669</u>	<u>10,408</u>	<u>122,077</u>
Total liabilities	<u>186,296</u>	<u>10,408</u>	<u>196,704</u>
Fund balance:			
Nonspendable			
Prepaid items and deposits	47,879	-	47,879
Restricted			
Debt Service	513,375	1,365,000	1,878,375
Unassigned	<u>5,527,595</u>	<u>(1,024,071)</u>	<u>4,503,524</u>
Total fund balance	<u>6,088,849</u>	<u>340,929</u>	<u>6,429,778</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>6,275,145</u>	\$ <u>351,337</u>	\$ <u>6,626,482</u>

See accompanying notes.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Total fund balance at December 31, 2013 - Governmental Funds \$ 6,429,778

Amounts reported for governmental activities in the statement of
net position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the governmental
funds

Capital assets	\$ 5,496,309	
Less accumulated depreciation	<u>(2,556,840)</u>	2,939,469

Long-term liabilities and compensated absences are not
due in the current period, and therefore, are not reported
in the governmental fund

(2,156,410)

Net position of governmental activities at December 31, 2013

\$ 7,212,837

See accompanying notes.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 5,721,253	\$ -	\$ 5,721,253
Intergovernmental:			
State revenue sharing	105,328	-	105,328
Supplemental pay	283,482	-	283,482
Grant revenue	13,242	-	13,242
Dispatch service	695,475	-	695,475
Fire repair shop	264,622	-	264,622
Interest	4,079	-	4,079
Other revenues	19,713	-	19,713
Total revenues	<u>7,107,194</u>	<u>-</u>	<u>7,107,194</u>
 OTHER FINANCING SOURCES			
Sale of capital asset	<u>2,577</u>	<u>-</u>	<u>2,577</u>
 EXPENDITURES			
Current:			
Public safety	6,366,308	19,017	6,385,325
Debt service:			
Principal	-	135,000	135,000
Interest	13,809	25,046	38,855
Capital outlay	557,355	413,315	970,670
Total expenditures	<u>6,937,472</u>	<u>592,378</u>	<u>7,529,850</u>
Net change in fund balance	172,299	(592,378)	(420,079)
Fund balance - beginning (restated)	<u>5,916,550</u>	<u>933,307</u>	<u>6,849,857</u>
 FUND BALANCE - ENDING	 <u>\$ 6,088,849</u>	 <u>\$ 340,929</u>	 <u>\$ 6,429,778</u>

See accompanying notes.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ (420,079)
--	--------------

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

641,860

In the Statement of Activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, whether a gain or loss is realized.

(17,449)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments exceeded proceeds.

135,000

Accrued vacation & sick pay does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.

12,741

Change in net position of governmental activities	\$ <u><u>352,073</u></u>
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See accompanying notes.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the St. Tammany Parish Fire Protection District No. 12 (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity:

The St. Tammany Parish Fire Protection District No. 12 was established by the St. Tammany Parish Police Jury Ordinance No. 706 in April 1977. The District serves the area of Ward 3 of St. Tammany Parish, Louisiana, but excluding the corporate limits of the City of Covington. The District is governed by a Board of Commissioners consisting of five resident taxpayers, as provided by Louisiana Revised Statute 40:1496. On January 30, 2012, the District entered into a fifteen year "Fire Protection Services Agreement" with the City of Covington wherein, among other events, issues concerning tax millage assessments were resolved, service areas were re-drawn, and future City of Covington annexations were addressed. The St. Tammany Parish Council appoints four of the commissioners, while the Parish President appoints one of the commissioners. Each commissioner is appointed to four-year terms which run concurrently with that of the Parish Council. Vacancies are filled by the body making the original appointments. The District is operated as a component unit of the St. Tammany Parish Council.

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The District is considered a component unit of the financial reporting entity because the commissioners of the District are appointed by the St. Tammany Parish Council.

As the governing authority of the parish, for reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Reporting Entity: (Continued)

Fire protection districts are created for the purpose of acquiring, maintaining and operating facilities, machinery, equipment, water tanks, water hydrants, water lines and other things necessary to provide proper fire protection and control of the property within the District. The District interacts with other St. Tammany Parish Fire Districts to carry out its objectives. The financial statements of the District include all governmental activities, organizations and functions that are within the oversight responsibility of the District and do not present information on the Council, the general government services provided by the Council, or other governmental units that comprise the financial reporting entity.

Basis of Presentation:

Government-wide Financial Statements:

The government-wide financial statements include the statement of net position and statement of activities for all non-fiduciary activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are financed to a significant extent by fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The District has no non-major funds.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation: (Continued)

Fund Financial Statements: (Continued)

The daily accounts and operation of the District continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District reports two governmental funds:

The *General Fund* is the principal fund of the District and is used to account for all activities except those required to be accounted for in other funds.

The *Capital Projects Fund* is used primarily for the acquisition, construction, and improvement of facilities. Funding is primarily obtained through the issuance of Certificates of Indebtedness.

Basis of Accounting and Measurement Focus:

Government-wide Financial Statements:

The government-wide fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Federal and state grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Fund Financial Statements:

All governmental funds are reported using the current financial resources measurement focus. With this measurement focus, only assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Taxes and fees collected and held by intermediary collecting governments at year end on behalf of the District are recognized as revenue. Other revenues susceptible to accrual are intergovernmental revenues. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental fund.

The District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds, is reported in classifications that comprise a hierarchy primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting and Measurement Focus: (Continued)

Fund Financial Statements: (Continued)

- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.
- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

During the year ended December 31, 2012, the District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources and also redefined the residual of all other elements presented in a statement of financial position as net position.

Budgetary Accounting:

Formal budgetary accounting is employed as a management control device during the year for the Governmental Funds. The level of budgetary control is at the line-items level. Appropriations which are not expended lapse at the year end of each fiscal year. The budget for the Governmental Funds is adopted on a basis consistent with generally accepted accounting principles. Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis and include the original budget and all subsequent revisions.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Assets, Liabilities and Fund Equity:

Cash and Cash Equivalents:

Cash includes demand deposits, petty cash and certificates of deposit. Under state law, the District may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the District may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States Treasury obligations, United States government agency obligations and direct security repurchase agreements, or in eligible mutual funds that invest in these securities.

Allowance for Uncollected Receivables:

The District's primary revenue source, ad valorem taxes, becomes delinquent if not paid by March 1st following the year of assessment. Unpaid taxes attach as an enforceable lien on property. The Board of Commissioners determined, based on prior historical information, that current collections are estimated to be approximately 93% of the tax levy. At December 31, 2013, the amount of uncollected receivables is estimated to be approximately \$396,601.

Capital Assets:

Capital assets include land, buildings and building improvements, and equipment. All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of the construction projects.

In the fund financial statements, capital assets used in governmental activities are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Furniture and equipment includes all items costing over \$2,500. Depreciation on capital assets, excluding land and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets: (Continued)

	<u>Years</u>
Buildings and leasehold improvements	20-40
Furniture and equipment	5-20
Firefighting equipment	5-20
Transportation equipment (fire trucks and ambulances)	5-20

Compensated Absences:

Employees are eligible for vacation leave after they have completed one year of full-time service. Vacation hours and/or days earned are determined by the length of service on January 1st of each calendar year. Unused vacation hours are not permitted to be carried over to the next calendar year. The following is a summary of compensated absences for the year ended December 31, 2013:

<u>Balance</u> <u>December 31, 2012</u>	<u>Net</u> <u>Change</u>	<u>Estimated Amount</u> <u>Balance</u> <u>December 31, 2013</u>	<u>Due Within</u> <u>One Year</u>
\$ <u>290,776</u>	\$ <u>(12,741)</u>	\$ <u>278,035</u>	\$ <u>69,509</u>

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the General Fund when the leave is actually taken. The total liability for leave privileges is recorded in the Statement of Net Position

Net Position:

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislation. All other net position classifications that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" are reported as

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position: (Continued)

unrestricted. Some portions of fund balance in the governmental funds are restricted to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative plans for future use of financial resources.

Accounting Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS:

At December 31, 2013, the carrying amount of the District's cash deposits was \$1,197,875 and the bank balance was \$1,279,534, all of which was covered by federal depository insurance or by collateral consisting of securities held by the District's agent in its name.

3. RECEIVABLES:

For the governmental activities, receivables at December 31, 2013 were comprised of the following:

Ad valorem taxes	\$ 5,665,737
State revenue sharing	70,076
Interest	1,923
Other receivables	29,086
Fire repair shop	10,507
Less: allowance for uncollected receivables	<u>(396,601)</u>
	<u>\$ 5,380,728</u>

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

4. AD VALOREM TAX:

Ad valorem taxes are normally levied in November and billed in December. These taxes are typically due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of their fair market value and other property at 15 percent of its fair market value. The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

The District was authorized to levy a special ad valorem tax of 10 mills on January 17, 1998, commencing in 1998 and ending in 2007. The tax was extended for 10 years until 2017. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities, purchasing fire trucks and other firefighting equipment, and paying the cost of obtaining water for fire protection purposes.

On July 19, 2003, the District was authorized to levy an additional special ad valorem tax of 10 mills commencing in 2004 and ending in 2013. The tax was extended for 10 years until 2023. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities, purchasing fire trucks and other firefighting equipment, and paying the cost of obtaining water for fire protection purposes.

On July 20, 2005, the District was authorized to levy an additional special ad valorem tax of 5 mills commencing in 2006 and ending in 2015. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities, purchasing fire trucks and other firefighting equipment, and paying the cost of obtaining water for fire protection purposes.

5. 2% FIRE INSURANCE TAX:

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that it serves. In accordance with the Louisiana Revised Statutes, such funds shall be used only for the purpose of "rendering more efficient" and efficacious fire protection as the District shall direct. The District received fire insurance tax rebates in the amount of \$94,428 for the year ended December 31, 2013.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

6. CAPITAL ASSETS:

Capital asset activity of the governmental funds for the year ended December 31, 2013 was as follows:

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 714,007	\$ --	\$ 714,007
Land	<u>207,941</u>	<u>--</u>	<u>--</u>	<u>207,941</u>
Total capital assets not being depreciated	<u>207,941</u>	<u>714,007</u>	<u>--</u>	<u>921,948</u>
Capital assets being depreciated:				
Buildings	1,484,189	116,501	--	1,600,690
Furniture and equipment	<u>3,184,447</u>	<u>140,162</u>	<u>(350,938)</u>	<u>2,973,671</u>
Total capital assets being depreciated	4,668,636	256,663	(350,938)	4,574,361
Less accumulated depreciation	<u>2,561,519</u>	<u>328,810</u>	<u>(333,489)</u>	<u>2,556,840</u>
Total capital assets being depreciated, net	<u>2,107,117</u>	<u>(72,147)</u>	<u>(17,449)</u>	<u>2,017,521</u>
Total governmental activities capital assets, net	<u>\$2,315,058</u>	<u>\$ 641,860</u>	<u>\$ (17,449)</u>	<u>\$ 2,939,469</u>

Donated fixed assets consist of the Highway 25 and Northpark properties, valued at \$55,000 and \$75,000, respectively. The properties must be used for fire protection services as stipulated in the donation agreements or the properties will revert back to the donors under terms specified in the transfer documents.

Depreciation expense charged to the public safety function of the governmental activities was \$328,810 for the year ended December 31, 2013.

The following is a summary of the changes in the long-term debt of the District for the year ended December 31, 2013:

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Due Within One Year
Certificates of indebtedness	\$ 1,500,000	\$ --	\$ (135,000)	\$ 1,365,000	\$ 135,000
Special Community Disaster Loan	<u>513,375</u>	<u>--</u>	<u>--</u>	<u>513,375</u>	<u>391,337</u>
Total	<u>\$ 2,013,375</u>	<u>\$ --</u>	<u>\$ (135,000)</u>	<u>\$ 1,878,375</u>	<u>\$ 526,337</u>

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

7. LONG-TERM LIABILITIES:

During the year ended December 31, 2006, the District issued a revenue anticipation note in the amount of \$513,375 for the purpose of paying operating expenses in anticipation of revenues. The note was issued under the Community Disaster Loan Act of 2005 and had an original maturity date of December 19, 2010. Upon the District's request, the maturity date was extended five years to December 19, 2015. The District is in the process of negotiating with FEMA to have the loan forgiven. No payments have been made on the loan and interest is being accrued. The note bears interest at a fixed rate of 2.69%. Interest is payable upon maturity of the note. For the year ended December 31, 2013 interest expense on the loan was \$13,810.

On September 12, 2012, the District issued \$1,020,000 of Certificates of Indebtedness, Series 2012A, for the purpose of refunding and extending the outstanding Limited Tax Certificates of Indebtedness, Series 2006 and its outstanding Limited Tax Certificates of Indebtedness, Series 2006A, and acquiring, constructing and improving facilities, vehicles and equipment for fire protection and rescue and emergency medical services in and for the issuer, and paying all costs of incurred in connection with the issue of the Certificates. The Certificates will not be callable for redemption prior to their stated dates of maturity. The Certificates were issued with an interest rate of 1.83%. Beginning on March 1, 2013, annual principal installments ranging from \$90,000 to \$115,000 will be made, and the bonds will mature on March 1, 2022. During the year ended December 31, 2013, the District made a principal payment of \$95,000 on the Certificates.

On September 12, 2012, the District issued \$480,000 of Certificates of Indebtedness, Series 2012B, for the purpose of refunding and extending the outstanding Limited Tax Certificates of Indebtedness, Series 2006, and its outstanding Limited Tax Certificates of Indebtedness, Series 2006A, and acquiring, constructing and improving facilities, vehicles and equipment for fire protection and rescue and emergency medical services in and for the Issuer, and paying all costs of incurred in connection with the issue of the Certificates. The Certificates will not be callable for redemption prior to their stated dates of maturity. The Certificates were issued with an interest rate of 1.83%. Beginning on March 1, 2013, annual principal installments ranging from \$40,000 to \$55,000 will be made, and the bonds will mature on March 1, 2022. During the year ended December 31, 2013, the District made a principal payment of \$40,000 on the Certificates.

These Certificates have a maturity of 10 years beginning in 2013, and bear interest at rates at 1.83%. Principal payments are due annually on March 1st of each year, and interest payments are due semi-annually on March 1st and September 1st of each year. For the year ended December 31, 2013, interest expense on the Certificates was \$25,045.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

7. LONG-TERM LIABILITIES: (Continued)

Future principal and interest payments required on the District's long-term liabilities as of December 31, 2013 is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 526,337	\$ 133,687	\$ 660,024
2015	262,038	24,511	286,549
2016	145,000	18,620	163,620
2017	145,000	15,966	160,966
2018	150,000	7,320	157,320
Thereafter	<u>650,000</u>	<u>30,195</u>	<u>680,195</u>
	<u>\$ 1,878,375</u>	<u>\$ 230,299</u>	<u>\$ 2,108,674</u>

8. PENSION PLAN:

Substantially all employees of the St. Tammany Parish Fire Protection District No. 12 are members of the Louisiana Firefighters Retirement System ("System"), a multiple-employer (cost sharing) public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of fire districts and their staff, which is administered and controlled by a separate board of trustees. Contributions of participating fire districts are pooled with the System to fund accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service, or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at the date of) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

8. PENSION PLAN: (Continued)

In addition to certain dedicated taxes that are remitted to the System (which constitute major funding of the System); covered employees are required by state statute to contribute 10% of their annual covered salary. For the year ended December 31, 2013, the employer rate ranged from 24.00% to 28.25%. The District's total contribution for the year ended December 31, 2013 was \$779,541. The District's total payroll was \$3,626,553 for the year ended December 31, 2013 and payroll covered by the System \$2,983,775.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809.

Contributions required and made for the Firefighters' Retirement System were as follows:

Year Ended	Actual	Actuarial	%
<u>December 31</u>	<u>Contribution</u>	<u>Required Contribution</u>	<u>Contributed</u>
2011	\$ 587,273	\$ 653,251	90%
2012	681,629	699,322	97%
2013	779,541	886,749	88 %

The District is contributing the actuarially required amount each year. Although the District is contributing the required amount, the employer contribution differs from the actuarially required contribution rate due to the state law that requires the employer contribution rates be calculated and set two years prior to the year effective.

9. DEFERRED COMPENSATION PLAN:

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. Annual contributions to the plan may not exceed the lesser of 25% of the participating employee's gross salary or \$17,500. Participants who were age 50 or older by the end of the calendar year were eligible to make additional catch up contributions of up to \$5,500. Salaries of employees participating in this plan for the year ended December 31, 2013 totaled \$2,536,887. The plan requires that the minimum contribution be equal to the current employee's withholding rate for social security. The employer's total contribution was \$140,875 and the employees contribution was \$27,672 for the year ended December 31, 2013.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

9. DEFERRED COMPENSATION PLAN: (Continued)

Employee contributions are made as a non-taxable payroll deduction. The District has elected to contribute to the plan as an extra benefit to participating employees.

All assets of the deferred compensation plan are held in a custodial account and all such assets are held for the exclusive benefit of the plan participants and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this plan and the assets may not be diverted to any other use. The plan's balances and activities are not reflected in the District's financial statements.

It has been the opinion of Management that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Investments are managed by the plan's administrator. The plan participants choose the investment options.

10. SUPPLEMENTAL SALARIES:

During the year ended December 31, 2013, certain eligible full-time employees received supplemental salary payments in the amount of \$283,482 from the State of Louisiana. The amount of the supplemental pay is determined by State Law and is in addition to the compensation they receive from the District. These intergovernmental funds are reflected in the financial statements of the District for the year ended December 31, 2013.

11. OPERATING LEASES:

The District leases storage space in Abita Springs, Louisiana under an operating lease agreement. The term of the lease was for a period of one year commencing on September 1, 2009 and ended August 31, 2010 at a rate of \$450 per month. Upon expiration of this lease, the leased space is being rented on a month to month basis at a rate commensurate with the rate per the expired lease. Total lease expense was \$5,400 for the year ended December 31, 2013. There are no future minimum lease payments required under this lease as of December 31, 2013.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

11. OPERATING LEASES: (Continued)

On December 15, 2010, the District entered into an agreement to lease a building which was to be used for the purpose of providing space to perform maintenance and repair work to its fire trucks and other related equipment. The term of the lease was for a period of one month commencing on January 1, 2011 and ending January 31, 2011 at a rate of \$2,500 per month. After January 31, 2011, the lease was on a month-to-month basis. In January 2012, an addendum was made to the lease agreement extending the length of the lease to December 31, 2012, and increasing the rate to \$2,750 per month. The terms of the lease addendum allowed for the continuation of the lease on a month-to-month basis subsequent to December 31, 2012, until cancelled by either party. Total lease expense was \$2,750 for the year ended December 31, 2013. There are no future minimum lease payments required under this lease as of December 31, 2013, as the final payment made on the lease was made in January 2013.

On November 23, 2010, the District entered into an agreement to lease office equipment. The term of the lease is for a period of 60 months commencing on December 10, 2010, and ending on November 10, 2015, at a rate of \$569 per month.

On December 30, 2010, the District entered into an agreement to lease office equipment. The term of the lease is for a period of 59 months commencing on January 10, 2011, and ending on November 10, 2015, at a rate of \$106 per month.

Future minimum rental payments under the operating leases for the office equipment are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Future Minimum</u> <u>Payment</u>
2014	\$ 8,100
2015	<u>7,425</u>
Total	<u>\$ 15,525</u>

Lease expense incurred on the equipment operating leases for the year ended December 31, 2013, was \$12,193.

12. MAINTENANCE AND SUPPORT AGREEMENT:

During the year ended December 31, 2013, the District entered into a maintenance and support agreement with Unifire as a part of purchasing public safety software for several districts. The term of the agreement is for a period of five years commencing on October 1, 2013, and ending on September 30, 2018, at a rate of \$17,000 per year. The District's portion of the contract payments is approximately 20%. The first year of the maintenance and support agreement was included as a part of the public safety software purchase, with the annual payments set to begin in 2014.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2013

12. MAINTENANCE AND SUPPORT AGREEMENT: (Continued)

Future minimum payments for the maintenance and support agreement are as follows:

<u>Year Ending December 31,</u>	<u>Future Minimum Payment</u>
2014	\$ 3,400
2015	3,400
2016	3,400
2017	<u>3,400</u>
Total	<u>\$ 13,600</u>

13. RESTATEMENT OF BEGINNING FUND BALANCES AND NET POSITION:

Certain amounts in the beginning fund balance and net position have been restated due to reclassification of individual funds.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES:				
Taxes	\$ 5,721,253	\$ 5,315,106	\$ 5,700,000	\$ 21,253
Intergovernmental	402,052	114,000	350,000	52,052
Interest	4,079	1,500	2,500	1,579
Other revenues	<u>979,810</u>	<u>1,160,000</u>	<u>800,000</u>	<u>179,810</u>
Total revenues	<u>7,107,194</u>	<u>6,590,606</u>	<u>6,852,500</u>	<u>254,694</u>
EXPENDITURES:				
Current:				
Public safety	6,385,325	6,213,800	6,025,000	360,325
Debt service:				
Principal	135,000	100,000	135,000	-
Interest	38,855	35,000	35,000	3,855
Capital outlay	<u>970,670</u>	<u>1,261,806</u>	<u>1,000,000</u>	<u>(29,330)</u>
Total expenditures	<u>7,529,850</u>	<u>7,610,606</u>	<u>7,195,000</u>	<u>334,850</u>
Excess of expenditures over revenues	<u>(422,656)</u>	<u>(1,020,000)</u>	<u>(342,500)</u>	<u>(80,156)</u>
OTHER FINANCING SOURCES:				
Proceeds from bonds	-	1,020,000	-	-
Sale of capital asset	<u>2,577</u>	<u>-</u>	<u>-</u>	<u>2,577</u>
Total other financing sources	<u>2,577</u>	<u>1,020,000</u>	<u>-</u>	<u>2,577</u>
Fund balance-beginning (restated)	<u>6,849,857</u>	<u>5,848,777</u>	<u>6,849,857</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ 6,429,778</u>	<u>\$ 5,848,777</u>	<u>\$ 6,507,357</u>	<u>\$ (77,579)</u>

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2013

1. BUDGETARY BASIS OF ACCOUNTING:

Formal budgetary accounting is employed as a management control device during the year for the Governmental Funds. The level of budgetary control is at the line-item level. Appropriations which are not expended lapse at year end of each fiscal year. The budget for the Governmental Funds is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis including the original budget and all subsequent revisions.

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION PAID TO COMMISSION MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2013

Commissioners

Joe Mitternight, Chairman	\$ 1,300
Kenneth Kimberly, Vice Chairman	1,250
George Schwing, Secretary/Treasurer	1,000
James Woodard, Commissioner	1,000
Mary Labadot, Commissioner	<u>1,000</u>
	<u>\$ 5,550</u>

WILLIAM G. STAMM, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVIH, C.P.A.
TERRI L. KITTO, C.P.A.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.
DAVID A. BURGARD, C.P.A.
CLIFFORD J. GIFFIN, Jr., CPA

A.J. DUPLANTIER JR, C.P.A. (1919-1985)
FELIX J. HRAPMANN, JR, C.P.A. (1919-1990)
WILLIAM R. HOGAN, JR, CPA (1920-1996)
JAMES MAHER, JR, C.P.A. (1921-1999)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

April 29, 2014

Board of Commissioners
St. Tammany Parish Fire Protection District No. 12
Covington, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 12 (the "District"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 12
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of St. Tammany Parish Fire Protection District No. 12 for the year ended December 31, 2013 was unmodified.
2. Internal Control
Material weaknesses: None noted
Significant deficiencies: None noted
3. Compliance and Other Matters
Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

None

CURRENT YEAR FINDINGS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None